

Volume V Issue 10

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# Consumer Alert

**Providing consumers with knowledge to make informed choices and decisions.**

**Special 30th Anniversary Edition**

**A Publication of the South Carolina Department of Consumer Affairs**

*Brandolyn Thomas Pinkston, Administrator*

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## South Carolina Department of Consumer Affairs Celebrates 30 Years!

The Department celebrated its 30<sup>th</sup> anniversary May 18 with over 200 guests and dignitaries from throughout the state. "This was definitely an occasion to remember," said Brandolyn Thomas Pinkston, SCDCA Administrator.

Awards and medals were presented to the five 2005 Consumer Spirit Award recipients **Margaret Brackett** of Newberry, **Founders Federal Credit Union** of Lancaster, **Ann McGill** of Charleston, and **Dr. John Ruoff** and **Jan Warner** of Columbia.

Speeches and congratulations were given by several dignitaries, including **Attorney General Henry McMaster**, **Senator Darrell Jackson**, and **SCDCA Commission Chair Waring Howe**. The Department also recognized continued collaboration and assistance from other agencies, including the **US Consumer Product Safety Commission**, **Central Midlands Council of Governments Area Agency on Aging**, the **Cherokee County Public Library**, the **Laurens and Cherokee County Administrators**, and the **Dorchester, Laurens, and Cherokee County Councils**. Former Department Administrators **Irvin D. "Pete" Parker** and **Philip Porter** were also on hand to give words of praise and congratulations. The Department also produced a 30<sup>th</sup> anniversary commemorative journal.

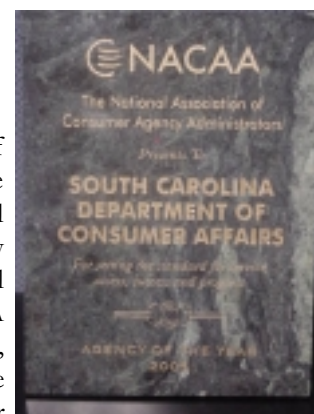


*Above: 2005 Consumer Spirit Award Winners (l-r) Dr. John Ruoff, Margaret Brackett, Ann McGill, and Wendy Culler listen to one of the speakers during the ceremony. More photos on page 2.*

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## SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS WINS NATIONAL AWARD

The South Carolina Department of Consumer Affairs has been named the 2005 Agency of the Year by the National Association of Consumer Agency Administrators (NACAA). The annual award, presented recently at the NACAA Annual Meeting in New Orleans, recognizes the outstanding performance of a NACAA member agency, either through long-term efforts or by virtue of a significant program or other success. Other criteria includes a successful and beneficial enforcement action or an outstanding education or outreach program. The inscription on the award reads, "For setting the standard for service, access, success, and progress."



Department achievements include:

- ☛ Opening three satellite locations around the state.
- ☛ Launching a Buyer Beware program.
- ☛ Settling a hundred million dollar lawsuit with BellSouth Telecommunications, Inc., resulting in bill credits to current residential and business customers.
- ☛ Establishing boards and roundtables to maintain dialogue with businesses it regulates.
- ☛ Active involvement in predatory lending, credit counseling, loan origination and PEO legislation.

"I'm very proud of the department and its many achievements in promoting and protecting the interests of consumers in South Carolina," said Administrator Brandolyn Thomas Pinkston. "In particular, our staff is to be commended for this great milestone, as the global marketplace continues to present us with great challenges and exciting opportunities."

NACAA is the premiere source of intelligence and dialog on consumer trends, issues and updates. NACAA members are front line public and private advocates, who work with consumers to solve problems, prosecute offenders, advance legislation, and educate the public. NACAA currently represents more than 160 government agencies and 50 corporate consumer offices in the U.S. and abroad.

About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection Code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. For more information, visit [www.sccconsumer.gov](http://www.sccconsumer.gov).

## Photos from the 30th Anniversary Celebration May 15, 2005



*Above: Consumer Spirit Award recipient Ann McGill is congratulated by guests after the ceremony.*



*Above: SCDCA Commission Chair Waring Howe addresses the crowd at the awards ceremony.*



*Above: Sen. Darrell Jackson presents Commission Chair Waring Howe with a senate resolution for the Department's 30th Anniversary.*



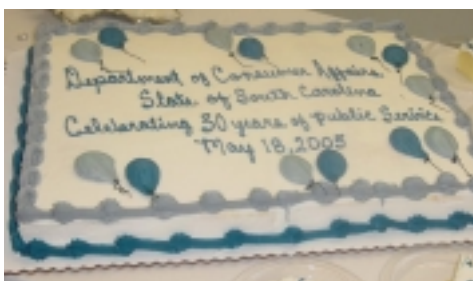
*Above: Over 200 dignitaries, former employees, businesspersons, family and friends attended the May 18 awards ceremony and reception.*



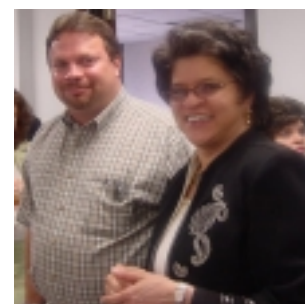
*Left: Some of dignitaries at the Anniversary celebration/ Awards ceremony (l-r): Secretary of State Mark Hammond, SCDCA Commissioner Barbara League, Former SCDCA Administrator Pete Parker, and SCDCA Commissioner Wayne Sims.*



*Above: Awards plaques and Medals, presented to the five Consumer Spirit Awards recipients.*



*Above: Guests enjoyed hors d'oeuvres and cake at the reception.*



*Above: The Gaffney satellite location delegation at the reception following the awards ceremony.*

*Right: 30-year anniversary commemorative journals contained highlights of Department achievements, congratulatory letters, and essays.*



*Left: Former Consumer Services Division Directors (l-r) William Marce, Thalia Farley, and Karen Younge stand with current CSD Director Donna DeMichael.*

# 2005 Legislative News

The 2005 legislative session ended with the passage of five bills important to consumers and the Department: The Professional Employer Organization Act, which amends regulation of professional employer organizations, the Consumer Credit Counseling Act, which adds stipulations for consumer credit counseling agencies, and the Financial Literacy Instruction Act, which contains guidelines for financial literacy programs.

For more information regarding the new legislation, please contact the Department at (803)734.4200 or toll free in SC 1.800.922.1594. Information can also be found on the SCDCA website at [www.sccconsumer.gov](http://www.sccconsumer.gov). The following are highlights of the new laws:

## Consumer Credit Counseling Act

*The Credit Counseling Act will be added as Chapter 7 of the Consumer Protection Code. The Act applies to credit counselors, debt management, debt settlement plans, and credit repair plans.*

- ✓ Providers of consumer credit counseling must be licensed to do business in South Carolina if they are conducting business (soliciting SC consumers or have a location) in the state.
- ✓ Consumer Credit Counselors must provide consumers with a financial education program to improve financial literacy. Counselors must also perform a thorough budget analysis for the individual to determine if they would benefit from participating in the plan.
- ✓ Consumer Credit Counselors are prohibited from using false or misleading representations, obtaining a waiver of the consumers' rights, charging the consumer to cancel the plan, requiring the purchase of additional goods and/or services, accepting referral fees, making loans, purchasing the debt or obligation of the consumer, or compensating an employee depending on the number of consumers he or she gets to sign up for a debt management plan.

## Financial Literacy Instruction Act

*The Financial Literacy Instruction Act of 2005 provides for the development or adoption of curriculum for local school boards to teach financial literacy. It also gives guidelines for the establishment of a fund for contributions for financial literacy instruction. This bill states that:*

- ✓ The financial literacy program will instruct students on subjects including opening a checking account and balancing a checkbook, completing a loan application, inheritances, taxes, simple contracts, and credit issues.
- ✓ A special fund may be established to receive public and private contributions to provide financial incentives to defray the costs of financial literacy training for teachers. The fund will also be used to reward students, teachers or schools who excel in financial literacy competitions, and fund activities, books, and other materials related to financial literacy education.

## Professional Employer Organization Act

- ✓ Changes the name (not the definition) of "staff leasing services" to "Professional Employer Organization (PEO)," reflecting the industry-preferred designation.
- ✓ Requires eight hours of continuing professional education for key management PEO personnel.
- ✓ Clarifies and strengthens existing provisions that workers' compensation and health insurance offered to Client companies must be insured by insurers licensed in South Carolina. Licenses may not offer partially insured or self-funded benefit plans.
- ✓ All administrative hearings on PEO matters will take place at the Administrative Law Court.

## Regulation of Contact Lens Sales

*The General Assembly passed this legislation in response to concerns over the documented health hazards of using contact lenses that have not been properly fitted by an eye care professional.*

- ✓ Persons or businesses may not dispense or sell tinted or novelty contact lenses without a valid unexpired prescription from a licensed optometrist or ophthalmologist -- even if the contact lenses do not provide vision correction.
- ✓ Violators of this law are subject to civil penalties imposed by the South Carolina Department of Consumer Affairs for up to \$5,000 per violation.

## Administrative Law Court

- ✓ All contested administrative hearings will be held by the Administrative Law Court.
- ✓ Filings must also be made with the Administrative Law Court using the court's forms and rules.



## BREAKING NEWS: CONSUMERS TO RECEIVE \$1.3 MILLION IN REFUNDS, ADJUSTMENTS

Department of Consumer Affairs is requiring Rock Hill automobile dealership Harrelson Toyota to refund over \$1.3 million dollars to approximately 1,300 consumers. The refunds are granted for excessive interest charged on vehicle sales from January 31, 2000 through September 24, 2001.

Consumers should also receive payment adjustments for the remainder of their contracts reflecting interest rates no higher than the 18% Annual Percentage Rate (APR) allowed by law during that time period.

“So far, Harrelson Toyota has been cooperative in making adjustments and refunds to affected consumers,” said SCDCA Administrator Brandolyn Thomas Pinkston.

According to the South Carolina Consumer Protection Code, all businesses (including automobile dealers) desiring to charge more than 18% APR must file a Maximum Rate Schedule (MRS) with the Department and conspicuously post the rate schedule at their place of business. Harrelson Toyota failed to file a MRS with the Department of Consumer Affairs for the period of January 31, 2000 through September 24, 2001. The dealership was also fined in 2004 for failing to file a MRS (creditors are only allowed to pay fines or penalties once in a four-year period).

“This matter came to the Department’s attention through a complaint filed with the Consumer Services Division,” said Donna DeMichael, Consumer Services Director. “Harrelson has already provided a refund for excess finance charges in the amount of \$1,687.50 to the consumer that filed the complaint.”

Harrelson Toyota is notifying consumers who purchased vehicles during this period; in cases where consumers are unable to be contacted, the excess charges should be applied to consumers’ existing accounts. Consumers that purchased a vehicle from Harrelson Toyota between January 31, 2000 and September 24, 2001 and have financing contracts that exceed 18% may contact the South Carolina Department of Consumer Affairs at (803) 734.4200 or 1.800.922.1594 (toll free in South Carolina).

### Check out the Buyer Beware List!

Check out the South Carolina Department of Consumer Affairs Buyer Beware List at [www.sccconsumer.com/buyer\\_beware\\_list.pdf](http://www.sccconsumer.com/buyer_beware_list.pdf). before you do business. If you have questions about other businesses, or would like a copy of the list, contact the South Carolina Department of Consumer Affairs at (803) 734.4200, 800.922.1594 (toll free in SC) or at [scdca@dca.state.sc.us](mailto:scdca@dca.state.sc.us).

## SAFETY ALERT:

### Calling 9-1-1 From an Internet-Based Phone System



If you are considering switching to an Internet-based telephone system, or have already done so, be aware that 9-1-1 phone service may not be available. Unlike wire-based telephone systems, many Internet based systems do not provide access to the 9-1-1 network. Still others do connect to 9-1-1, but do not provide the full service consumers are accustomed to receiving via traditional wire-based phone service.

These Internet-based phone companies do not provide 9-1-1 operators with the callers’ location, thus creating a problem when callers are not able to provide address information.

It is important for consumers to determine first if an Internet-based phone system provides 9-1-1 service, and second if the service is provided automatically or if the customer must register for it. Some companies make it mandatory or voluntary for consumers to register online so that they can be located in an emergency.

All Internet-based phone system users should consider if they, or their loved ones, will be able to call 9-1-1 in an emergency.

For further information, contact the South Carolina state 9-1-1 coordinator at 803.734.3883.

#### *Consumer Alert:*

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